



## Duties of Supervising Appraisers and Properly Disclosing Professional Assistance\*

Many phone calls come to the Division regarding these two important issues. Before an appraiser elects to supervise an "Unclassified Individual," a "Trainee" or "Licensed" Appraiser, they should consider several things. How much time and effort are they willing to devote to the direct supervision of another? Can an appraiser maintain the quality of their own work, if they are apportioning time and resources to the training, supervision, and work of others?

We have seen a dramatic decline in appraisal licensees in Utah, due primarily to the statutory elimination of Registered Appraisers. Many formerly Registered Appraisers are attempting to gain additional experience and/or education in order to acquire a valid Appraiser's license. Clearly, adequate opportunities still need to exist for 'would be' appraisers to learn this profession. However, one considering whether to take on the responsibility of developing and supervising appraiser candidates should realistically evaluate the time and efforts required to properly supervise 'learning' appraisers.

You need to understand that some, or all, of the activities performed by these individuals *must be directly supervised by you*. If you are co-signing the report of Licensed Appraiser, that work must be supervised as well. All unclassified individuals and/or Trainee's work comes under your direct supervision. Remember, your name is the name that appears on the right side of the final appraisal report. You are the one that is ultimately responsible. The supervising (signing) appraiser(s) is required to have a reasonable basis for believing that those individuals performing the work are competent and that their work is credible (USPAP 2-3). Utah Administrative rule 105.3.5 states:

"A classified appraiser who supervises an unclassified individual shall be responsible for the training and *direct supervision* of the unclassified individual." (Italics added.)

2001 Edition of USPAP Statement on Appraisal Standards No. 8 indicates:

**"Signature:** personalized evidence indicating authentication of the work performed by the appraiser and the acceptance of the responsibility for content, analyses, and the conclusions in the report." (Italics added.) (See page 7 of this newsletter)

2001 Edition of USPAP Standard 2 Real Property Appraisal, Reporting, Standards Rule 2-3

Comment: "...any appraiser(s) who signs a certification accepts full responsibility for all elements of the certification, for the assignment results, and for the contents of the appraisal report."

"Does this mean I have to go with an unclassified or trainee appraiser to inspect a subject property? The answer is yes! Direct supervision requires your attendance at the evaluation and internal inspection and measurement of the subject property.

Training and working with developing appraisers, though a great commitment, is very satisfying and rewarding. If you've thought you'd like to become involved in improving professionalism in the appraisal industry, or in 'giving something back' to this profession, this may be the perfect way for you to accomplish that goal.

Previously supervising appraisers could earn continuing education hours for their supervisory work. The Appraisal Subcommittee required us to discontinue that practice. Therefore, continuing education hours will no longer be awarded for supervisory training.

Standards Rule 3-3 of USPAP requires an appraiser to note whether anyone has provided "significant professional assistance" in the preparation of an appraisal. The name of each individual providing significant assistance **must be stated**. (Emphasis added)

*continued on page 10*

## FYI – New Appraiser Rule

### R162-108.1 Sales and Listing History

In order to comply with Standard I of the Uniform Standards of Professional Appraisal Practice (USPAP), appraisers who are licensed or certified under this chapter shall analyze the listing history of the subject property for the year preceding the appraisal if such information is available to the appraiser from a multiple listing service, listing agent(s), or the property owner.



### Utah Real Estate Appraiser Review

**Purpose:** To provide licensees with the information and education they need to be successful in competently serving the public.

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## When Do I Owe USPAP?

The Division of Real Estate receives many calls asking this question.

Utah Appraiser Administrative Rule 162-102.3.1.1.1 states:

“Even though the appraiser may have changed licensing categories, every third time the appraiser renews, the appraiser will provide evidence of having completed, within the two years prior to the third renewal, a course in the Uniform Standards of Professional Appraisal Practice. This USPAP course will be a 15-hour course and will include passing of a final exam. This 15 hours of credit may be used to meet part of the continuing education requirement for that renewal period.”

Every appraiser had to take USPAP to get their initial license. Therefore, calculation of the third renewal requirement goes back to that initial licensing date and is then figured out in six year increments (three two-year renewals). Many of you have, however, ‘changed licensing categories’ since your original licensing, and that often throws the calculations off. We at the Division try to give you the benefit of the doubt and add on the odd year. That means that if your original license was in an even year, but then you upgrade in an odd year, we will give you that extra year before requiring USPAP.

Many of you choose to take USPAP (as part of your 28 hours of CE) more frequently than every third renewal. That is always fine, however those ‘off’ times do not count as the third renewal requirement, and we cannot re-set your requirement date when you do this.

Another question we often receive is: “which USPAP should I take?” The answer is that either A or C are okay. Just make certain that you take the test.

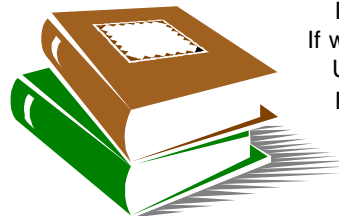
*However*, beginning in January, 2003 USPAP requirements are changing. Please see the article on page 3 prepared from materials submitted by the Appraisal Qualifications Board.

### Practicing appraisers need to possess the latest edition of USPAP and the current Utah statute and rules.

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If you pick them up:  
USPAP – \$6.50  
Rules – \$3.00  
If we mail them:  
USPAP – \$8.50  
Rules – \$5.00



## AQB to Change USPAP Requirements

The Appraiser Qualifications Board (AQB), Appraisal Standards Board (ASB), and The Appraisal Foundation Staff are continuing to develop specific policies and procedures surrounding USPAP education.

Beginning January 1, 2003, all real property appraisers must take the 7-hour National USPAP Update Course, or its equivalent, at least once every two years in order to maintain their license or certification.

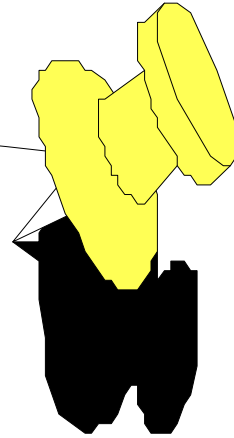
Because this requirement takes effect on January 1, 2003 real property appraisers will have until December 31, 2004 to initially meet this requirement. USPAP classroom hours earned before January 1, 2003 will **not** count toward fulfilling this re-certification requirement.

The 7-hour USPAP requirement will be included in the 28 hours of CE required with each renewal.

Further information will be provided in future *Appraiser Review* newsletters.

### LICENSING STATISTICS

	RA	LA	CR	CG	TOTAL
2000					
April	1067	14	481	324	1886
May	1012	15	486	326	1839
June	974	16	485	328	1803
July	947	15	492	327	1781
August	894	17	489	327	1727
September	859	17	490	324	1690
October	826	18	490	321	1655
November	805	18	488	324	1635
December	785	19	492	330	1626
2001					
January	751	19	492	330	1592
February	692	22	498	340	1552
March	649	26	499	340	1514
April	593	38	517	345	1493
May	493	46	541	351	1431
June	0	56	571	355	982
July	0	64	580	355	999
August	0	72	561	337	970
September	0	77	562	337	976
October	0	80	561	335	976
November	0	84	563	340	987



## NOTICE

If your license is due for renewal during the first quarter of 2002, *please plan ahead.*

Because of the Olympic Games and the Paralympics, there may be difficulties.

Many education providers may change their hours of operation. Parking might also be a problem at any given location.

Also . . .

The Division of Real Estate will be operating on a shortened schedule.

From

February 7 through February 24 the Division hours of operation will be from 6:00a.m. to 2:00p.m.

You may wish to check with our office ahead of time if you plan to come in.

## Gramm-Leach-Bliley Act Effect on Appraisers

The Federal Trade Commission has published its final privacy regulations (the Final Rule) as required by the Gramm-Leach-Bliley (GLB) Act. The Final Rule specifically includes real estate appraisers under the definition of a financial institution. Because GLB focuses on personal information and not on information related to business activities, the Final Rule's regulations should only impact those appraisers performing residential appraisals. The following is taken from: 1) a white paper prepared by the Appraisal Foundation titled "Privacy Regulation and the Appraiser," dated June 2001; and 2) a Memorandum prepared by the Appraisal Institute, Don Kelly, Vice President Public Affairs, regarding summary of Gramm-Leach-Bliley Act Privacy Requirement & Sample Formats, dated July 6, 2001.

GLB was signed into law on November 12, 1999. The intent of GLB is to protect consumers' personal information obtained by a financial institution from being disclosed or released without notice and without permission of the consumer. Compliance with the new law is mandatory as of July 1, 2001. Federal regulations identify "appraising real or personal property" as activities closely related to banking and as such are covered by the Act.

An appraiser who receives non-public personal financial information from a financial institution or directly from a consumer who is a client in the course of performing an assignment will be held responsible for compliance with GLB and its

implementing regulations. Since the privacy notice-requirements are fact-specific, appraisers may wish to review the regulations or check with their own counsel to determine the regulations; application to their specific circumstances.

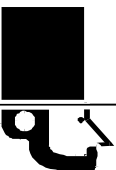
GLB focuses on "non public personal information." The FTC Privacy Rule develops the term "personally identifiable financial information" to include (numbers added): 1) information that a consumer provides to a financial institution in order to obtain a financial service; 2) information resulting from any transaction between the consumer and the financial institution involving a financial product or service; and 3) financial information about a consumer a financial institution otherwise obtains in connection with providing a financial service to the customer.

The applicable sections of the Uniform Standards of Professional Appraisal Practice (USPAP) will be updated so they will not conflict with the new federal privacy requirements. The definition of confidentiality in the 2001 version of USPAP will be revised in 2002 USPAP to reflect the requirements for compliance with GLB.

Appraisers will still be held accountable for compliance with the FTC and other federal regulations as they apply to each situation and to information received from clients in the course of performing appraisal assignments. The appraiser must pro-actively inquire as to the status of the information provided by their lender clients with respect to its privacy status pursuant to the FTC Privacy Rule, and provide the appropriate notices to clients for whom they directly provide appraisals.

Where an appraiser performs an assignment for a lender or financial institution (and not an individual), the appraiser will not be subject to the Final Rule's privacy notice requirements because the appraiser will not have a "consumer" or "customer" as defined by GLB. The appraiser will not have to provide any notice requirements. The privacy regulations permit the appraiser to disclose information that is "necessary to effect a transaction."

Even when an appraiser is not required to provide notice under the Final Rule, he or she should have a simple privacy notice available for clients who may request it. The notice should explain how the appraiser treats nonpublic personal information and should include a confidential policy. However, when the lender is the appraiser's



*"I do the very best I know  
how -- the very best I can;  
and I mean to keep doing  
so until the end."*

**Abraham Lincoln**

client, the lender will be required to provide an appropriate Privacy Notice with an opt-out provision to the consumer; the lender should inform the appraiser as to any privacy related restrictions on information provided to the appraiser relative to the FTC Privacy Rule and the GLB and specify any information for which the consumer has not yet indicated his or her opt-out decision. In complying with the re-use and disclosure provisions of the FTC Privacy Rule, the appraiser should take steps necessary to ensure that information received from a lender client has been obtained in conformance with the Final Rule and ascertain the status of such information as public, non-public/private and if and under what conditions opt-out provision apply, including specific re-use restrictions. When a consumer directly contracts with the appraiser, the appraiser is responsible for providing a Privacy Notice with an opt-out provision. The notice should clearly specify what re-use of the nonpublic personal information is contemplated.

A key provision of the FTC Privacy Rule is the requirement to provide the consumer with a “conspicuous” and clear privacy notice that reflects the financial institution’s privacy policies and information sharing practices as well as the “categories of information” collected and disclosed. Another key provision is that the Privacy Notice disclose the consumer’s right to “opt-out” of any future sharing of their non-public personal financial information, and that such opt-out notice be “clear and conspicuous and accurately explain the right to opt out.” The FTC Privacy Rules indicate there can be re-use of information provided that: (1) the non-public personal information is obtained pursuant to a properly disclosed Privacy Notice that includes an opt-out provision; and (2) the consumer has not exercised his or her opt-out rights. In these situations, the re-use of the information would be limited to specific use disclosed in the Privacy Notice.

While the above are general requirements related to the GLB, there are specific requirements that must be met when an appraiser deals directly with a consumer. A consumer is an individual who obtains an appraisal for personal, family or household purposes. A consumer is a person with no continuing relationship with the appraiser

and who obtains his or her appraisal in an isolated, one-time transaction. Where a real estate appraiser deals directly with a consumer, the appraiser will be subject to certain notice requirements collected about the consumer. In this circumstance, the appraiser must first provide the consumer the following: 1) an Initial Privacy Notice which is a clear and conspicuous notice reflecting the real estate appraiser’s privacy policies and practices or a Short Form Privacy Notice which states that the appraiser’s Privacy Notice is available upon request and explains a reasonable means to obtain the Notice; and 2) an Opt-Out Notice which is a clear and conspicuous notice explaining that the appraiser may disclose the consumer’s non-public personal information. The notice should also state that the consumer may opt-out of such disclosure and provide a reasonable means for the consumer to opt-out.

Where an appraiser has a continuing relationship with the consumer, the consumer becomes a “customer” under the Final Rule. The Final Rule permits the appraiser to disclose information that is “necessary to effect a transaction.” If the appraiser is going to disclose to third parties any information collected about the customer outside of this exception, the appraiser must first provide the following: 1) an Initial Privacy Notice (same as above) must be provided at the commencement of the customer relationship; 2) an Opt-Out Notice (same as above must be provided with the Initial Privacy Notice; and 3) an Annual Privacy notice must be provided on a yearly basis.

Lastly, implementation of the FTC Rule and GLB by federal agencies and federal financial institutions will continue to offer challenges and complications for appraisers and other financial service providers. The appraiser should ask his or her lender clients as to what information provided in the context of an appraisal assignment is protected by the FTC Privacy Rule and GLB and of that information, what has been released or waived pursuant to the provisions of the Rule and Act. When an appraiser contracts directly with a consumer, the appraiser should take steps to ensure that the consumer’s non-public personal information is protected and that the consumer is provided with the necessary notices and disclosures.

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## USPAP Q & A

*This communication by the Appraisal Standards Board (ASB) does not establish new standards or interpret existing standards. The ASB USPAP Q&A is issued to state and territory appraisal regulators to inform all states and territories of the ASB responses to questions raised by regulators and individuals; to illustrate the applicability of the Uniform Standards of Professional Appraisal Practice (USPAP) in specific situations; and to offer advice from the ASB for the resolution of appraisal issues and problems. The ASB USPAP Q&A do not constitute a legal opinion of the ASB.*

**Vol. 3, No. 6 – June, 2001**

### Question #1

I am working on an assignment with another appraiser. When finished, we will both sign the report and the certification. Does this mean that we must create two workfiles so that we can both comply with the record keeping rules?

### Response:

No. The Record Keeping section of the ETHICS RULE requires that a workfile be prepared for each assignment. One workfile is sufficient, even if two appraisers are involved in an assignment. The Record Keeping section also requires that:

*An appraiser must retain the workfile for a period of at least five (5) years after preparation of at least two (2) years after final disposition of any judicial proceeding in which testimony was given, whichever period expires last, and have custody of his or her workfile, or make appropriate workfile retention, access, and retrieval arrangements with the party having custody of the workfile.*

Therefore, arrangements should be made for one appraiser to retain the file, with access provided to the other appraiser.

### Question #2

I've been asked by a bank to provide a replacement cost estimate for an improved property to assist them in establishing an appropriate level of fire insurance for their loan. This assignment does not involve appraising this property, so I don't consider it to be an appraisal assignment. Is it a consulting assignment under USPAP?

### Response:

No, the assignment you describe does not constitute an appraisal under Standards 1&2 of USPAP, since it does not involve developing an opinion of value. Likewise, it is not an appraisal consulting assignment under Standards 4&5. An appraisal consulting assignment, as defined in USPAP, requires that an appraisal be a component of the analysis leading to the assignment results. As such, this type of assignment has no specific name and no specific performance standards that apply to it.

### Question #3

Why is it unethical for an appraiser to accept compensation for an assignment that is contingent on pre-determined results?

### Response:

The objective of the appraisal development process is a credible opinion. This objective requires that the development process be independent, objective, and impartial so that the resulting opinions are credible in the context of their intended use.

Since the primary objective of these Standards is to promote and maintain a high level of public trust in professional appraisal practice, it is appropriate that those practices, which are inherently contradictory to this objective, be prohibited. Such practices include accepting compensation for assignments that are based on a predetermined or subsequent outcome that affect the appraiser's independence, objectivity, or impartiality.

For these reasons, the Management Section of the ETHICS RULE states:

*It is unethical for an appraiser to accept compensation for performing an assignment when the assignment results are contingent upon:*

1. *the reporting of a predetermined result (e.g., opinion of value);*
2. *a direction in assignment results that favors the cause of the client;*
3. *the amount of a value opinion;*
4. *the attainment of a stipulated result; or*
5. *the occurrence of a subsequent event directly related to the appraiser's opinions and specific to the assignment's purpose.*

**Vol. 3, No. 7 – July, 2001**

### Question #1

I understand that the ASB retired Statement No. 8, "Electronic Transmission of Reports" effective January 1, 2002. Does this mean I can no longer send appraisal reports electronically to my

clients after that date?

**Response:**

No, you can continue to send your reports electronically. The ASB recently voted to retire Statement #8 because some of its requirements were out of date. There have been many changes since this Statement was originally adopted in 1995.

Appraisers should still exercise the same level of care in transmitting their appraisal reports whether they are communicated orally, in a written report, or electronically. In particular, for all written reports the certification must be signed. A "signature" is defined in USPAP as:

*SIGNATURE: personalized evidence indicating authentication of the work performed by the appraiser and the acceptance of the responsibility for content, analyses, and the conclusions in the report.*

*Comment: A signature can be represented by a handwritten mark, a digitized image controlled by a personalized identification number, or other media, where the appraiser has sole personalized control of affixing the signature.*

**Question #2**

What does it mean when the ASB retires a portion of USPAP?

**Response:**

To "retire" a portion of USPAP means to withdraw it so it is no longer of force. The ASB is responsible for promulgating, developing, publishing, interpreting, and amending the Uniform Standards of Professional Appraisal Practice. As such, it can decide to retire any portion of the USPAP if it is incorrect, no longer necessary or applicable, or otherwise deficient. However, in the public's eye, the acronym "USPAP" has come to refer to an annual

publication of the Appraisal Foundation, which includes more than the Uniform Standards of Professional Appraisal Practice. For example the Advisory Opinions and Glossary are not actually parts of the Uniform Standards of Professional Appraisal Practice, even though they are bound within the same publication. Since not all of the portions of USPAP constitute appraisal standards or have the weight of an appraisal standard, not all parts of the document are subject to the same process of retirement. Retirement of those portions of USPAP that constitute appraisal standards must be exposed for a minimum of 30 days prior to any action by the ASB. This includes the DEFINITIONS, PREAMBLE, RULES, STANDARDS, RULES, AND STATEMENTS ON APPRAISAL STANDARDS. The Advisory Opinions and the Glossary can be adopted, removed, or modified by the ASB without prior notice.

**Question #3**

I understand the ASB recently made changes to USPAP that are effective as of July 1, 2001. Is that true? And, what were those changes?

**Response:**

Yes, that is true. Due to recent federal regulatory activity, most notably the Federal Trade Commission's Final Rule on Privacy of Consumer Financial Information, 16 CFR Part 313, that takes effect on July 1, 2001, [see related article on page 4 of this newsletter] the ASB voted to make certain sections of the newly adopted material effective simultaneously on July 1, 2001. The following changes to USPAP adopted by the ASB were effective July 1, 2001:

1. The Confidentiality section of the ETHICS RULE was edited to illustrate that, "an appraiser must be aware of, and comply with, all confidentiality and privacy laws and regulations applicable in an assignment." Additionally, text

was added to indicate that disclosure of confidential information is permissible to professional peer review committees, "except when such disclosure to a committee would violate applicable law or regulation."

A notice regarding the adoption of federal privacy regulations was also added to this section.

2. The DEFINITION of "Confidential Information" was changed to read:

*CONFIDENTIAL INFORMATION: information that is either:*

- *identified by the client as confidential when providing it to an appraiser and that is not available from any other source; or*
- *classified as confidential or private by applicable law or regulation*

A notice regarding the adoption of federal privacy regulations was also added to this definition.

3. STATEMENT NO. 5 (SMT-5), The Confidentiality Section of the Ethics Rule, was retired.

*continued on page 8*

**You Must Notify the Division  
-- in Writing --**



**Within 10 Days of:**

- a change of personal address
- a change of business address
- a change of name
- a change of personal telephone number
- a change of business telephone number
- a conviction of a criminal offense
- a filing of bankruptcy

## USPAP Q.& A.

*continued from page 7*

**Vol. 3, No. 8 – August, 2001**

### Question #1:

The Record Keeping section of the ETHICS RULE states, in part:

*The workfile must include. . .true copies of any written reports. . .*

Does a true copy have to include a signature on the certification?

### Response:

Yes, a true copy is a replica of the report sent to the client. Any signatures that were affixed to the original report must also exist on the copy for the workfile.

### Question #2:

What is the difference between a client and an intended user?

### Response:

The term "Client" is defined in the DEFINITIONS section of USPAP as *"the party or parties who engage an appraiser (by employment or contract) in a specific assignment."*

The term "Intended User" is defined as *"the client and any other party as identified, by name or type, as users of the appraisal, appraisal review, or appraisal consulting report, by the appraiser on the basis of communication with the client at the time of the assignment."*

Eventual receipt of a copy of an appraisal, appraisal review, or appraisal consulting report does not make the recipient an intended user. To be an **intended user** the recipient must have been **identified** as such by the **appraiser**.

### Question #3:

Is it a violation of USPAP to use a recent sale of the subject property as a comparable in the sales comparison approach to value?

### Response:

No. Standards Rule 1-4 states:

*In developing a real property appraisal, an appraiser must collect, verify, and analyze all information applicable to the appraisal problem,*

*given the scope of work identified in accordance with Standards Rule 1-2(f)*

*(a) When a sales comparison approach is applicable, an appraiser must analyze such comparable sales data as are available to indicate a value conclusion.*

Additionally, Standards Rule 1-5 states:

*In developing a real property appraisal, an appraiser must:*

*(b) analyze any prior sales of the property that occurred within the following minimum time periods:*

*one year for one-to-four-family residential properties; and three years for all other property types. .*

Therefore, not only could the subject property potentially be used as a comparable sale, an analysis of the prior sale must be made in accordance with Standards Rule 1-5. However, appraisers must be aware of any supplemental standards that require minimum numbers of comparable sales to be reported in addition to the sale of the subject property.



**"Liberty will not descend  
to a people; a people  
must raise themselves  
to liberty;  
it is a blessing that  
must be earned before  
it can be enjoyed."**

**Charles Caleb Colton**





## Disciplinary Sanctions

CARLSON, JILL B., Applicant for State-Licensed Appraiser, South Jordan. Application for State-Licensed Appraiser status denied by the Board on August 30, 2001. Ms. Carlson applied for judicial review of the denial of her application to the Second District Court. On November 28, 2001, the Second District Court Judge announced his ruling. In that announcement, the Judge denied Ms. Carlson's application for licensure, concluding that she had engaged in a pattern of misconduct which showed either gross incompetence or intentional manipulation of the appraisal process resulting from a lack of truthfulness and integrity.

DAVIS, RICHARD W., State-Certified Residential Appraiser, Provo. Certification surrendered effective December 13, 2001 rather than continue to respond to the Division's investigation of four complaints. Mr. Davis neither admitted nor denied the allegations in those complaints. Mr. Davis indicated that he plans to retire from the appraisal industry and that if he decided to resume appraising, he would apply for a new appraiser license or certification for at least five years. If he applies for a new license or certification in the future, he will not be able to submit for experience credit any appraisals done prior to the date of the surrender of his certification. #AP98-01-06, AP99-11-03, AP20-07-04, and AP20-11-15.

EARL, JACK L., State-Certified Residential Appraiser, Salt Lake City. Agreed to pay a \$1,000.00 fine and complete a USPAP course, based on violating USPAP in an appraisal by selecting unlike comparables, failing to address the superadequacy of the subject, and missing a \$13,500.00 seller concession on one of the comparables. Mr. Earl maintained in mitigation that he was very impressed by the subject property's view and amenities, and that another appraiser had appraised the home for almost as much 2½ years earlier. #AP20-10-09.

ELLIS, DENISE B., State-Certified Residential Appraiser, Bountiful. Application for renewal denied by the Board on August 30, 2001. Ms. Ellis applied for judicial review of the denial of her renewal to the Second District Court, which issued a stay of the Board's Order and allowed Ms. Ellis to continue appraising pending the outcome of the District Court review provided she appraised under the supervision of another certified appraiser to be approved by the Division. The Division issued Ms. Ellis the restricted certification on September 24, 2001. On November 28, 2001, the Second District Court Judge announced his ruling. In his announcement, the Judge denied Ms. Ellis's application for renewal, and stated that she had engaged in a pattern of misconduct which showed either gross incompetence or intentional manipulation of the appraisal process resulting from a lack of truthfulness and integrity. The Court directed the Division to terminate the restricted certification of Ms. Ellis effective November 29, 2001.

JEWKES, LORRI, Applicant for State-Licensed Appraiser, South Jordan. Application for State-Licensed status denied effective August 30, 2001 after a hearing before the Utah Appraiser Licensing and Certification Board at which Ms. Jewkes did not appear. The denial of the application was based on the Board's determination that while Ms. Jewkes was a registered appraiser, she violated USPAP Standards Rules 1-1, 1-2, 1-4, and 1-5, and the Ethics Rule sections pertaining to Conduct, Confidentiality, and Record Keeping, and that she also violated the Competency Rule.

JORGENSEN, GENE C., State-Certified Residential Appraiser, West Jordan. Agreed to pay a \$1,000.00 fine, complete a USPAP course, and agreed not to sign for or supervise any other appraiser for two years in settlement of a complaint alleging that in an appraisal in which he acted as the supervisory appraiser for his son, they used an unusually high sight value, improperly performed the cost analysis, and that the comparable sales that were used were distant from the subject property, although closer and more similar comparables were available. #AP99-07-13.

KOPLIN, RICHARD W., State-Certified Residential Appraiser, Salt Lake City. Agreed to pay a \$2,000.00 fine and complete a USPAP course in settlement of two complaints filed with the Division. One complaint involved a series of errors that, although individually might not affect the results of the appraisal, in the aggregate might affect the credibility of the results. Mr. Koplin maintains in mitigation that the errors were due to technical problems with his software. In the other complaint, he failed to report listing and sales history and missed a concession on a comparable. In mitigation, the errors did not seriously affect the valuation. #AP99-04-01 and AP01-07-01.

LARSEN, ROBERT E., State Certified Residential Appraiser, Draper. Agreed to complete a USPAP class and a reproduction cost class in settlement of a complaint filed against him by a review appraiser who alleged, among other things, that Mr. Larsen had failed to make an analysis of the subject property's listing history. In mitigation, Mr. Larsen has been a State-Certified Residential Appraiser since 1990 and this was the first complaint filed against him with the Division. #AP01-03-14.

MESSER, DAVID J., Applicant for State-Licensed Appraiser, Delta. Agreed to pay a \$1,500.00 fine in settlement of two cases involving appraisals he completed when he was a State-Registered Appraiser. Mr. Messer admitted that the two appraisals at issue, which were done in 1996 and 1997, violated USPAP, but maintained in mitigation that the violations were unintentional and a result of his inexperience and the poor supervision he received from his certified appraiser. The allegations in the complaints included improper cost approach, poor selection of

## Disciplinary Sanctions

*continued from page 9*

comparables and poor determination of effective age, among other allegations. Mr. Messer will be allowed to sit for the Certified Residential Appraiser exam once he has completed a USPAP course. #AP99-02-18.

ZARATE, ALEX, State-Certified Residential Appraiser, Sandy. Application for renewal denied effective November 13, 2001. Rather than continue to respond to the Division's investigation of three complaints, Mr. Zarate agreed that his renewal would be denied, that he would not work in the appraisal industry for two years, and that he would not apply for a new appraiser license or certification for at least two years. In one appraisal, Mr. Zarate showed as the current owner of the property an individual who was not the owner but who had contracted to purchase the property. The other two complaints alleged that Mr. Zarate appraised the two properties in question for substantially in excess of the listing prices and the sales prices reported to the Multiple Listing Service. #AP20-12-11.



## Rules Change Affects Licensing Fee Payment

Effective November 15, 2001, a candidate wishing to submit an application for licensure or certification must now submit an initial application fee of \$200 (this fee is non-refundable), along with the completed application packet, at the time of submission, to the Division of Real Estate. (R162-102.1.1.3).

If both education and experience approval are received, and, if the candidate receives approval by the Appraiser Licensing and Certification Board, the candidate will then be allowed to sit for the state examination. Once an acceptable score on the state exam is achieved, the candidate must submit a Federal Registry fee of \$50 before licensure can occur.

Since Division policy dictates that we cannot accept an incomplete application, if the fee is not received with the application packet the application will be returned to the candidate.

## Duties and Disclosure

*continued from page 1*

Some clients may not accept an appraisal report if a licensed appraiser signs the report. Sometimes a client will request or demand that only the supervising appraiser's name appear in the report, and that the contribution of anyone not on their approved list not be reported. This often happens when only the supervising appraiser is on the client's approved list. If an unclassified appraiser, trainee appraiser, or licensed appraiser provides significant professional assistance, yet does not sign on the left side of the appraisal report, the supervising appraiser **must make full disclosure in the report as to who provided assistance and must provide a detailed explanation of the type and extent of the assistance.** This information can appear in an addendum, as long as the addendum is incorporated into the appraisal report and sent to the client.

Similarly, only appraisal reports that properly reflect the assistance of the unclassified or trainee individuals can be counted for experience points when such individuals seek licensure. The experience log required by the Appraiser Board to document the experience credit to be awarded an applicant cannot substitute for signing the report or having the professional assistance provided included in an addendum.

If the Board receives an appraisal report in support of experience credit that is not signed by the trainee or appraiser, or does not contain the appropriate information regarding the assistance provided by the unclassified or trainee, or licensed appraiser, experience credit will be denied. The Board may also pursue disciplinary action against the supervising appraiser for failure to comply with USPAP Rule 2-3.

*Prepared, in part, from an article from the North Carolina Appraiserreport, Vol 10, No.4*

**\*Please read advisory opinion 5 (AO-5) in the 2001 edition of USPAP**

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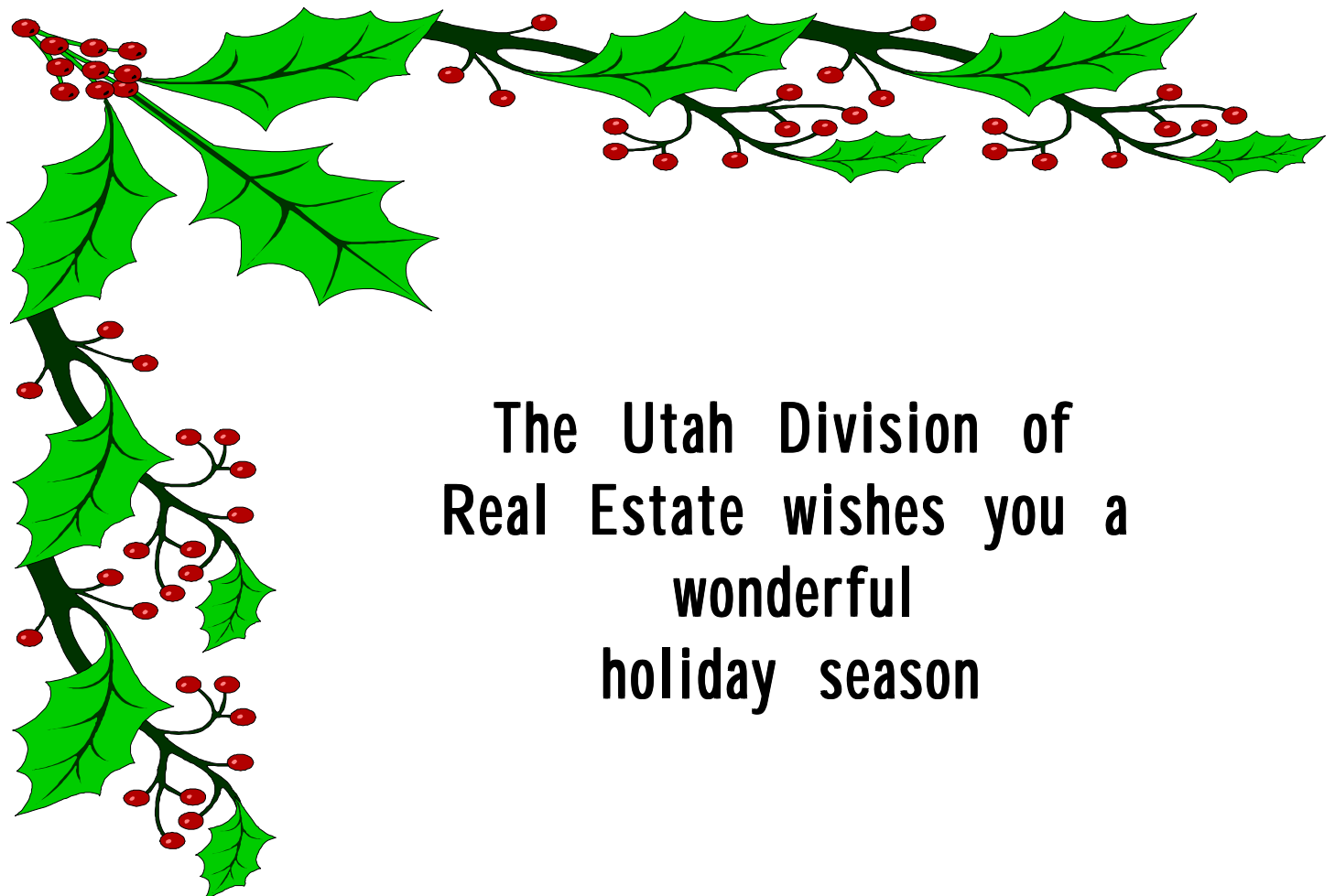
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